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ABSTRACT

This report presents statistical data on trends in tuition costs from 1980-81 through 1995-96. The average tuition for in-state undergraduate students of 4-year public colleges and universities for academic year 1995-96 was approximately 8.9 percent of median household income. This figure was obtained by dividing the students' average annual tuition by the state's median household income for calendar year 1994, the last year for which data were available. College tuition as a percentage of income varies widely among states, from 3.61 percent in Hawaii to 15.42 percent in Vermont, with the national average being 8.88 percent. From academic year 1980-81 through 1994-95, tuition charges at 4-year public colleges and universities for in-state undergraduate students increased nationally by 234 percent. In contrast, household incomes rose 82 percent during the same period, according to data from the consumer price index and other information from the "1995 Statistical Abstract of the United States". During the 15 years reviewed, prices and costs of other consumer goods (medical care, automobiles, houses, and food) also increased, but not as fast as the tuition increases. (MAH)

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ED 400 764

B-274567

September 19, 1996

The Honorable Carol Moseley-Braun
United States Senate

Dear Senator Moseley-Braun:

In August 1996, we reported that there is widespread concern about the increase in college tuition levels and that average tuition levels vary widely among the states.[1] In our earlier report, we showed that tuitions were rising faster than college expenditures and that state funding and grant aid were not keeping pace with these costs.

Based on our report, you requested information on (1) the states' public 4-year colleges' and universities' average tuition as a percentage of median household income and (2) comparative increases in tuition at these schools from school year 1980-81 through 1994-95, with increases in other selected consumer prices and median household income during the same period.

To determine schools' average tuition as a percentage of median household income, we divided the average annual tuition for in-state undergraduate students of 4-year public colleges and universities for school year 1995-96 in each state by the state's median household income for calendar year 1994, the latest year for which such data were available. For our comparison of tuition price increases with changes in selected consumer prices and median household income, we used the consumer price index (CPI) and other information from the 1995 Statistical Abstract of the United States.

We conducted our review in August and September 1996 in accordance with generally accepted government auditing standards.

HE 029613

[1]Higher Education: Tuition Increasing Faster Than Household Income and Public Colleges' Costs (GAO/HEHS-96-154, Aug. 15, 1996).

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RESULTS IN BRIEF

On a nationwide basis, our analysis shows that the average tuition (including related fees) for in-state undergraduate students of 4-year public colleges and universities for academic year 1995-96 was about 8.9 percent of median household income; however, there is a significant difference among the states. On one end of the spectrum, Hawaii's average tuition for the 1995-96 school year was less than 4 percent of median household income. In contrast, Vermont's average tuition for 4-year public colleges and universities was over 15 percent of median household income. In general, we found that state differences are more closely associated with tuition prices than with income levels. That is, states in which the average tuition was a low percentage of median household income tended to be ones with low tuitions but not high incomes.

From school year 1980-81 through 1994-95, tuition charges at 4-year public colleges and universities for in-state undergraduate students increased nationally by 234 percent. In contrast, other consumer prices and household incomes increased at a much slower pace. Medical costs, for example, increased 182 percent, and consumer expenditures for new cars increased 160 percent. Household incomes rose 82 percent during the same period.

COLLEGE TUITION AS A PERCENTAGE OF INCOME VARIES WIDELY AMONG STATES

Our analysis showed that schools' average tuition as a percentage of median household income at 4-year public colleges and universities varies widely among the states. Schools in Hawaii, for example, were found to have tuition taking 3.61 percent of median household income.[2] In contrast, 4-year public colleges and universities in Vermont had a higher ratio--tuition was 15.42 percent of income. The national average was 8.88 percent. Enclosure 1 shows the average tuition as a percentage of median household income for 4-year public colleges and universities in each state. This percentage tends to be higher in the Northeastern states, as shown in figure 1.

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[2]As we pointed out in our August report, however, Hawaii's schools may not have the lowest tuition level in school year 1996-97. The state approved an 84.6-percent increase for in-state undergraduate tuition at the University of Hawaii's Manoa campus.

Figure 1: In-State Tuition as a Percentage of 1994 Median Household Income at 4-Year Public Colleges, School Year 1995-96

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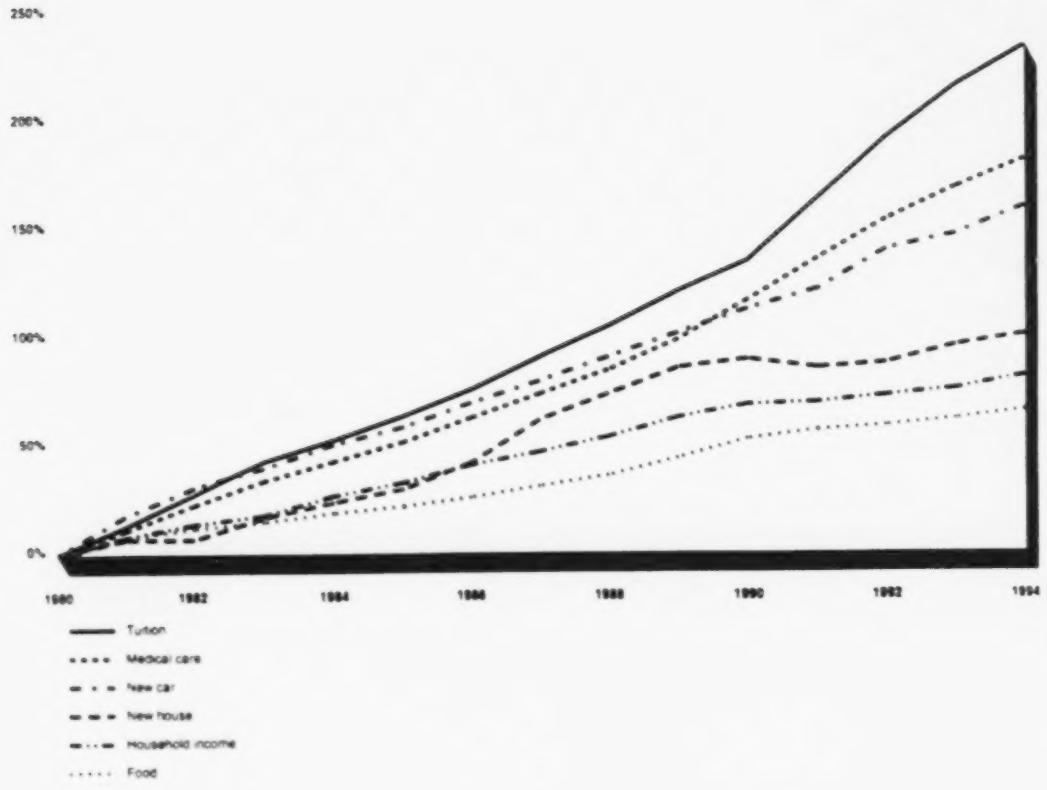
In general, state differences in this percentage are more closely associated with tuition prices than with income levels. That is, states in which the average tuition was a low percentage of median household income tended to be ones with low tuitions but not high incomes. For example, of the 15 states with the lowest percentages, 13 were among the states with the lowest tuitions while only 5 of them were among the states with the highest incomes. At the other end of the spectrum, of the 15 states with the highest percentages, 11 were among the states with the highest tuitions but only 1 of them was among the states with the lowest incomes.

COLLEGE TUITION COMPARED TO SELECTED CONSUMER PRICES AND HOUSEHOLD INCOMES

From school year 1980-81 through school year 1994-95, the average annual tuition at 4-year public colleges and universities for in-state undergraduate students increased from $804 per year to $2,689, or 234 percent. Over approximately the same period, median household income increased by 82 percent, from $17,710 in 1980 to $32,264 in 1994. During this 15-year period, the prices and costs of other consumer goods also increased, but not as fast as the increases in tuition. (See fig. 2.) For example, the average consumer expenditure for a new car went from $7,574 in 1980 to $19,676 in 1994, an increase of 160 percent.

Figure 2: Cumulative Percentage Increase in Public College Tuition, Selected Consumer Prices, and Household Income



Enclosure 2 shows the total percentage increases for tuition and selected consumer prices and household income over the 15-year period.

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AGENCY COMMENTS

Information contained in this correspondence is consistent with that in our August 1996 report in which the Department was given an opportunity to provide comments.

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We are sending copies of this letter to the Secretary of Education, appropriate congressional committees and Members, and other interested parties.

Please call me at (202) 512-7014 if you or your staff have any questions regarding this correspondence. Major contributors include Joseph J. Eglin, Jr., Assistant Director; Charles M. Novak; Benjamin P. Pfeiffer; and Charles H. Shervey.

Sincerely yours,

Carlotta C. Joyner
Director, Education and
Employment Issues

Enclosures - 2

TUITION AT 4-YEAR PUBLIC COLLEGES COMPARED TO MEDIAN HOUSEHOLD INCOMES

				State rankings		
State	Average tuition in 1995-96[a]	Median household income in 1994[b]	Tuition as a percent of income[c]	Tuition	Income	Tuition as a percent of income[c]
Alabama	$2,234	$27,196	8.21%	20	43	24
Alaska	2,502	45,367	5.52%	25	1	5
Arizona	1,943	31,293	6.21%	9	30	10
Arkansas	2,062	25,565	8.07%	14	48	21
California	2,918	35,331	8.26%	30	14	25
Colorado	2,458	37,833	6.50%	24	7	12
Connecticut	3,828	41,097	9.31%	43	4	33
Delaware	3,962	35,873	11.04%	45	9	43
Florida	1,790	29,294	6.11%	5	37	9
Georgia	2,076	31,467	6.60%	15	28	13
Hawaii	1,524	42,255	3.61%	1	3	1
Idaho	1,714	31,536	5.44%	3	27	4
Illinois	3,388	35,081	9.66%	36	17	35
Indiana	3,040	27,858	10.91%	32	41	42
Iowa	2,565	33,079	7.75%	28	21	19
Kansas	2,110	28,322	7.45%	16	39	18
Kentucky	2,160	26,595	8.12%	18	46	22
Louisiana	2,139	25,676	8.33%	17	47	26
Maine	3,562	30,316	11.75%	37	32	47
Maryland	3,572	39,198	9.11%	38	6	31
Massachusetts	4,178	40,500	10.31%	47	5	38
Michigan	3,789	35,284	10.74%	42	15	41
Minnesota	3,108	33,644	9.24%	34	18	32

				State rankings		
State	Average tuition in 1995-96[a]	Median household income in 1994[b]	Tuition as a percent of income[c]	Tuition	Income	Tuition as a percent of income[c]
Mississippi	2,443	25,400	9.62%	23	49	34
Missouri	3,007	30,190	9.96%	31	33	36
Montana	2,346	27,631	8.49%	22	42	28
Nebraska	2,294	31,794	7.22%	21	26	16
Nevada	1,830	35,871	5.10%	6	10	2
New Hampshire	4,537	35,245	12.87%	48	16	48
New Jersey	3,848	42,280	9.10	44	2	30
New Mexico	1,938	26,905	7.20%	8	45	15
New York	3,697	31,899	11.59%	41	24	46
North Carolina	1,622	30,114	5.39%	2	34	3
North Dakota	2,211	28,278	7.82%	19	40	20
Ohio	3,664	31,855	11.50%	40	25	45
Oklahoma	1,741	26,991	6.45%	4	44	11
Oregon	3,241	31,456	10.30%	35	29	37
Pennsylvania	4,693	32,066	14.64%	49	22	49
Rhode Island	3,619	31,928	11.33%	39	23	44
South Carolina	3,103	29,846	10.40%	33	35	39
South Dakota	2,549	29,733	8.57%	26	36	29
Tennessee	2,001	28,639	6.99%	11	38	14
Texas	1,832	30,755	5.96%	7	31	7
Utah	2,007	35,716	5.62%	13	12	6
Vermont	5,521	35,802	15.42%	50	11	50
Virginia	3,965	37,647	10.53%	46	8	40
Washington	2,726	33,533	8.13%	29	19	23
West Virginia	1,992	23,564	8.45%	10	50	27

				State rankings		
State	Average tuition in 1995-96[a]	Median household income in 1994[b]	Tuition as a percent of income[c]	Tuition	Income	Tuition as a percent of income[c]
Wisconsin	2,555	35,388	7.22%	27	13	17
Wyoming	2,005	33,140	6.05%	12	20	8
Nationwide	2,865	32,264	8.88%			

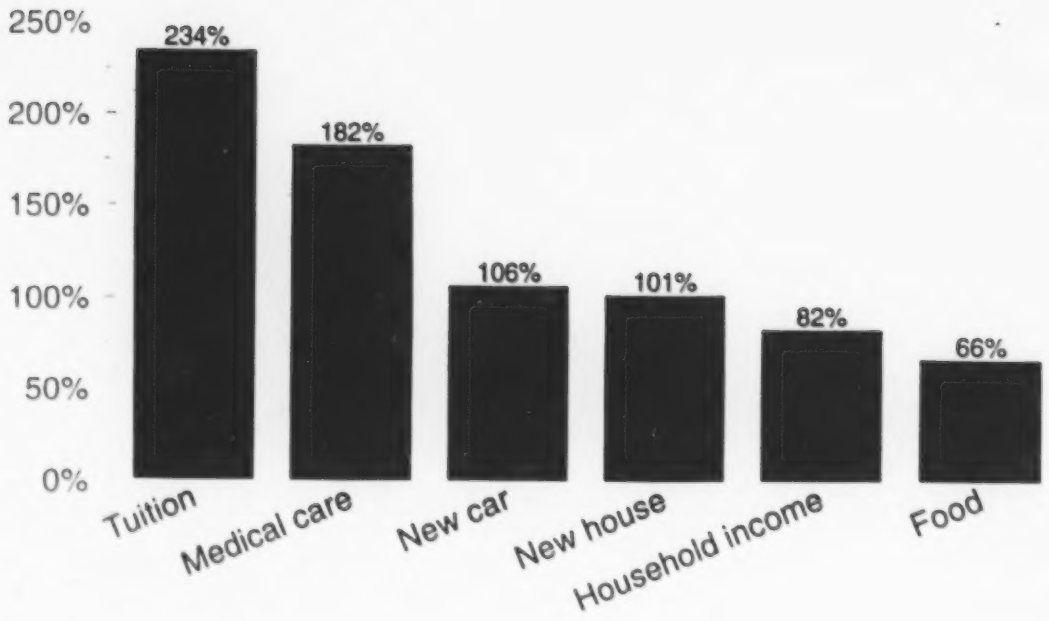
[a]Average full-time, in-state undergraduate tuition and related fees at 4-year state colleges and universities weighted by the estimated number of full-time, in-state undergraduates at each institution. We obtained these data from the Department of Education's Integrated Postsecondary Education Data System surveys.

[b]This is the latest year for which median household income data were available. We obtained median household income data from the U.S. Bureau of the Census.

[c]The average tuition for in-state undergraduate students of 4-year public colleges and universities for school year 1995-96 in each state, divided by the state's median household income for calendar year 1994, the latest year for which such income data were available.

ENCLOSURE 2

PERCENTAGE INCREASE IN 4-YEAR PUBLIC COLLEGE TUITION, SELECTED CONSUMER PRICES, AND HOUSEHOLD INCOME, 1980-1994



Source: For our comparison of tuition price increases with changes in selected consumer prices and median household income, we used consumer price index (CPI) and other information from the 1995 Statistical Abstract of the United States. For housing prices, we used the national median sale prices of new one-family houses. For new car prices, we used average consumer expenditures per new car as compiled by the U.S. Department of Commerce, Bureau of Economic Analysis. Our food and medical care data were extracted from the CPI for All Urban Consumers (CPI-U) as compiled by the U.S. Bureau of Labor Statistics.

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